

Message Text

CONFIDENTIAL

PAGE 01 STATE 164791

53

ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

DRAFTED BY EUR/WE:HGMOEN:VE

APPROVED BY EUR:AAHARTMAN

S/S-O: L. MATTESON

----- 035916

O 121801Z JUL 75 ZFF6

FM SECSTATE WASHDC

TO AMEMBASSY ROME IMMEDIATE

INFO AMEMBASSY MADRID IMMEDIATE

C O N F I D E N T I A L STATE 164791

NODIS

MADRID - EYES ONLY AMB. STABLER

E.O. 11652: GDS

TAGS: PFOR, IT

SUBJECT: CHURCH SUBCOMMITTEE ON MULTINATIONAL CORPORATIONS

REF: STATE 164677

1. DEPARTMENT IN REFTEL HAS ALREADY INSTRUCTED EMBASSY TO INFORM APPROPRIATE MFA OFFICIALS OF PUBLIC TESTIMONY BY EXXON AND MOBIL OFFICIALS BEFORE CHURCH SUBCOMMITTEE SCHEDULED FOR JULY 16 AND 17. TESTIMONY WILL BE IN OPEN SESSION AND WILL BE BASED UPON TESTIMONY ALREADY GIVEN IN EXECUTIVE SESSION. HIGHLIGHTS OF EXECUTIVE SESSION TESTIMONY ARE EXPECTED TO BE AS FOLLOWS:

A. EXXON PAID ABOUT 50 MILLION DOLLARS THROUGH UNIONE PETROLIFERA, THEN HEADED BY CAZZANIGA, WHO HAD ASSESSED EACH OIL COMPANY FOR CONTRIBUTIONS. EXXON STOPPED ITS PAYMENTS IN 1973 AFTER IT HAD PAID OUT FOR SIX YEARS. 1970 WAS HIGH POINT WHEN EXXON PAID 5 MILLION DOLLARS.

B. REPORTEDLY THERE WERE PAYMENTS TO INDIVIDUALS BY ALL
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 164791

COMPANIES BUT IT IS NOT CLEAR WHETHER THE PAYMENTS WERE ALL

COORDINATED. GRAND TOTAL OF PAYMENTS BY OIL COMPANIES IS SAID TO BE ABOUT 100 MILLION DOLLARS.

C. ACCORDING TO TESTIMONY, CONTRIBUTIONS WERE ALSO MADE 100,000 DOLLARS OUT OF EXXON'S TOTAL 50 MILLION DOLLARS.

2. IT NOW APPEARS CERTAIN THAT DEPARTMENT WITNESS WILL BE CALLED TO TESTIFY BEFORE THE CHURCH SUBCOMMITTEE IN EXECUTIVE SESSION PERHAPS AS EARLY AS THURSDAY, JULY 17. SUBCOMMITTEE STAFF MEMBERS HAVE INDICATED THAT SENATORS' QUESTIONING OF DEPARTMENT WITNESS WILL BE ALONG THE FOLLOWING ILLUSTRATIVE LINES.

A. DID THE COMPANIES CONSULT AT ANY TIME WITH U.S. EMBASSY ROME ABOUT THE PAYMENTS?

B. DID THE COMPANIES RECEIVE ADVICE FROM THE EMBASSY?

C. WERE THE PAYMENTS A WIDELY-KNOWN ARRANGEMENT?

D. WHAT HAPPENED WHEN EXXON WENT INTO THE EMBASSY IN 1973 OR 1974 AND SAID SITUATION WAS GETTING EXPLOSIVE?

E. PCI 1975 ELECTION GAINS WERE TIED TO THE CORRUPTION ISSUE. DID NOT THESE CONTRIBUTIONS THUS HURT RATHER THAN HELP OTHER PARTIES?

F. WHY DID EMBASSY/DEPARTMENT LET THIS SITUATION GO ON FOR SO LONG WITHOUT DOING SOMETHING ABOUT IT? CAN WE AFFORD NOT TO KNOW, GIVEN THE IMPORTANCE WE ATTACH TO KEEPING ITALY DEMOCRATIC?

G. THE ITALIANS HAVE GOTTEN SO MUCH FROM US IN LOANS AND AID AND THEY HAVE NOW HIT OIL COMPANIES ON THE BASIS OF THE ARGUMENT THAT IT WILL HELP PREVENT ITALY FROM GOING COMMUNIST. BUT HAS IT NOT REALLY HAD THE OPPOSITE EFFECT AND IN FACT HELPED THE ITALIAN COMMUNISTS BECAUSE THEY HAVE CONCENTRATED ON THE CORRUPTION ISSUE?

H. WHAT WAS THE ITALIAN POLITICAL SITUATION IN 1970, AND
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 164791

WHY WERE THE EXXON CONTRIBUTIONS SO LARGE THAT YEAR?

I. ARE THE CONTRIBUTIONS ILLEGAL IN ITALY? IF NOT, WHAT IS THE LEGAL SITUATION?

3. DEPARTMENT REQUESTS EMBASSY TO PROVIDE ITS BEST POSSIBLE ANSWERS TO THE FOREGOING ILLUSTRATIVE QUESTIONS. WE UNDERSTAND YOU MAY NOT HAVE ALL ANSWERS AND THAT TIME WILL

BE NEEDED FOR RESEARCH. NONETHELESS WE NEED RESPONSES
ASAP.

4. WE WOULD ALSO APPRECIATE EMBASSY SUGGESTIONS FOR
ADDITIONAL Q'S AND A'S FOR USE IN PREPARING THE TESTIMONY.

5. WASHINGTON POST OF JULY 12 CARRIES STORY THAT EXXON
AND MOBIL OFFICIALS WILL GIVE PUBLIC TESTIMONY BEFORE
CHURCH SUBCOMMITTEE NEXT WEEK. WP STORY FOLLOWS LINES WE
SKETCHED OUT IN REFTEL, NOTING THAT TESTIMONY WILL FOCUS
ON COMPANIES' ACTIVITIES IN ITALY. DEPARTMENT IS ASKING
USIA TO TELEX COMPLETE ARTICLE TO EMBASSY. INGERSOLL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CORRUPTION, PETROLEUM INDUSTRY, MULTINATIONAL CORPORATIONS, US CONGRESSIONAL HEARINGS, ROYALTIES, CAT-A
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE164791
Document Source: CORE
Document Unique ID: 00
Drafter: HGMOEN:VE
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: P850011-2354, N750002-0067
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750760/aaaacbka.tel
Line Count: 127
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NODS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: NODIS
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: NODIS
Reference: 75 STATE 164677
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 05 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 JUN 2003 by ifshinsr>; APPROVED <15 OCT 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHURCH SUBCOMMITTEE ON MULTINATIONAL CORPORATIONS
TAGS: PFOR, EPET, IT, EXXON
To: ROME MADRID
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006